



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

THE ASSISTANT SECRETARY

MEMORANDUM

DATE: October 15, 2009

TO: Bridget Dooling/Sharon Mar
Office of Information and Regulatory Affairs
Office of Management and Budget

THROUGH: Kathy Axt
Regulatory Information Management Services
U.S. Department of Education

FROM: Thelma Meléndez de Santa Ana, Ph.D. *Thelma Melendez*
Assistant Secretary for Elementary and Secondary Education

SUBJECT: Emergency Clearance of State Fiscal Stabilization Fund Application

The U.S. Department of Education's (ED) Office of Elementary and Secondary Education (OESE) has developed an application for Phase II of the State Fiscal Stabilization Fund (Stabilization) program. The Stabilization program was established in the "American Recovery and Reinvestment Act of 2009," which was signed into law by the President on February 17, 2009. The Stabilization program provides \$53,600,000,000 to States to keep teachers in the classroom, to prevent the cutting of valuable education programs, and to help mitigate college tuition increases. Additionally, the Stabilization program will provide resources that States and districts may use to implement important education reforms, such as launching strategies that address inequities in the distribution of highly qualified teachers, building robust data systems that allow districts to better track student achievement, raising standards and strengthening student assessments, and turning around failing schools. Phase I of the program awarded States with an initial portion of their Stabilization program allocations. The Department is now requesting approval of Phase II of the Stabilization program grant application so that State governors may apply for the second portion of these funds.

The Department is requesting that the Office of Management and Budget (OMB) clear the application on an emergency basis. In addition, a request is being made to waive the public comment period for this ARRA-related emergency since there is a tremendous need to make the Phase II applications available and to release the remaining funds. Grant awards during Phase I of the Stabilization program were distributed quickly to maximize the benefit to States, many of which were faced with the need to cut back on education budgets for K-12 and Higher Education. States are rapidly and effectively utilizing their funds, and it is now critical that the Department continue its financial support to States by obligating the remaining portions of

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Stabilization funds. Receiving OMB's approval on an emergency basis is essential to awarding Phase II Stabilization funds quickly.

OESE staff members have worked with ED's Budget Service and the Office of General Counsel to develop a Phase II Stabilization application that is consistent with the intent and purposes of Phase I of the Stabilization program.

The Stabilization Fund appears to be a one-time program. Therefore, we expect that the emergency clearance of the application will be needed only for this year.

States requesting the remainder of their State Fiscal Stabilization Fund monies—in most cases, the remaining 33 percent of the Education Fund allocation¹—must complete and submit the application contained in this packet in its entirety. To receive funding, applications will need to meet standards of both completeness and quality. Seventy-five percent of a State's remaining allocation will be released to a State upon receipt and determination of a complete application. The remaining 25 percent of the funds will be released to a State once its application has been fully approved, according to the approval criteria listed in the NFP.

ED is requesting OMB approval by October 30, 2009

Thank you for your prompt consideration of my request. If you have questions, please contact Joanna Han of OESE/AITQ at 202-206-2531 or joanna.han@ed.gov.

¹ If a State's FY 2009 shortfall exceeded 67 percent of the Education Fund allocation, they could request an amount equal to the needed restoration amount, up to 90 percent of the State's total Education Fund allocation.

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